

City of Detroit

CITY COUNCIL

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TO: Derrick Miller, Chief Information Officer
Information Technology Services

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 21, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Department Director
June Ellis, Budget Department Team Leader
Kandia Milton, Mayor's Office

Information Technology Services (31)

FY 2006-07 Budget Analysis by the Fiscal Analysis Division

Summary

The Information Technology Services Department (ITS) is a General Fund agency. The recommended 2006-07 budget is \$21.18 million, which is \$2.76 million (12%) less than the current year's budget. The department's net tax cost recommended for next year is \$19.7 million, \$2.7 million less the current fiscal year's net tax cost.

2005-06 Surplus/(Deficit)

The Administration anticipates an overall surplus of \$51,000 due primarily to a \$851,000 appropriation surplus due to vacancies primarily in the Programmer Analyst positions, offset by a revenue deficit of \$800,000 due to a revenue shortfall resulting out of DWSD acquiring its own in-house billing system.

Overtime

The overtime budget for the current fiscal year is \$346,126. Through March 31, 2006, the department has spent \$261,070 (75.43%) of its current overtime budget.

The recommended overtime budget for 2006-07 is, \$353,326 a slight \$7,200 (2%) increase.

Personnel and Turnover Savings

The Mayor is recommending a net decrease of 23 positions, which includes the elimination of 50 vacancies. The transferring in of 20 positions and the addition of 7 positions offsets the deletions.

The 2006-07 proposed budget does not require any layoffs in the ITS Department.

The transfers into the department are detailed as follows (31-0355 Dedicated Services):

Building and Safety Engineering

Department Info Tech Manager (1)

Election Commission

Dept Info Technology Manager (1)

Planning and Development

Senior GIS Support Tech (1)

Elections Specialist (1)

Info Tech Input/Output Supv (1)

Transportation:

Computer Serv Mngr-Transportation (1)

Microcomputer Support Specialist (1)

Principal Data Proc Prog Analyst (1)

Office Automation Support Assistant (1)

Microcomputer Support Spec (1)

Principal Clerk (1)

Law

Microcomputer Support Specialist (1)

Human Services

Principal Data Proc Prog Analyst (1)

Sr. Data Proc Prog Analyst (1)

Health

Manager II – Health (1)

Principal Data Proc Prog Analyst (1)

Senior Data Proc Prog Analyst (2)

System Programming Coord (1)

Office Assistant III (1)

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2005-06</u>	<u>Filled Positions 3/31/2006</u>	<u>Mayor's Budget Positions FY 2006-07</u>	<u>Over/(Under) Actual to 05/06 Budget</u>	<u>Mayor's Recommended Turnover</u>
Information & Tech. Services (31):					
310010 Ofc. Of Info. Tech. Svcs.	4	2	3	(2)	\$ -
310020 Contracts & Administration	5	4	4	(1)	\$ -
310035 Enterprise Application Support Team	6	3	3	(3)	\$ -
310050 Client Support Services	3	2	2	(1)	\$ -
310060 Personal Computer Services	3	2	2	(1)	\$ -
310070 System Support & Mgmt.	7	4	4	(3)	\$ -
310080 Data Network Services	5	4	5	(1)	\$ -
310090 Client Server-New Applications	4	2	0	(2)	\$ -
310100 Non-Financial Applications	9	4	5	(5)	\$ -
310110 Financial Applications	2	0	0	(2)	\$ -
310130 Operations	16	15	18	(1)	\$ -
310140 Input/Output Services	3	3	0	0	\$ -
310170 Water Board Project	3	2	3	(1)	\$ -
310230 Planning & Development	1	0	0	(1)	\$ -
310240 Building & Safety	5	2	2	(3)	\$ -
310290 Special Projects & Initiatives	2	1	0	(1)	\$ -
310300 Public Safety	34	27	29	(7)	\$ -
310310 Geographic Information Svcs.	3	3	3	0	\$ -
310320 Security & Quality Assurance	0	0	0	0	\$ -
310330 Voice Communications	2	0	0	(2)	\$ -
310335 Publishing Services	0	0	10	0	\$ -
310345 Mailroom & Delivery	0	0	10	0	\$ -
310355 Dedicated Services	0	0	20	0	\$ -
00024 Data Processing	117	80	123	(37)	\$ -
11827 Publishing Services	14	9	0	(5)	\$ -
11828 Mailroom & Delivery	15	9	0	(6)	\$ -
31XXXX Leave of Absence	0	(1)	0	(1)	\$ -
TOTAL	<u>146</u>	<u>97</u>	<u>123</u>	<u>23</u>	<u>\$ -</u>

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
00024	Central Data Processing	This appropriation increases by \$553,000 due primarily to the following Cost Center items 0010 - 0355: Consistent throughout is reductions in contractual services, hardware/software maintenance, and telecommunications costs:
<u>Cost Center</u>	<u>Description</u>	
0010	Office of Information Technology Services	This increases slightly by \$41,064 due primarily to a increase in benefits costs, and the insertion of \$6,732 in tuition reimbursement dollars in ITS, as a result of Human Resources reallocating funds to the departments; offset by the loss of one Executive Secretary position.
0020	Contracts & Administration	This increases by \$694,730 in 2006-07 FY, due primarily to a \$766,400 increase for repair and maintenance costs for the 800 MHz system. The increase is offset by a \$43,276 reduction in telecommunications costs in local long distance savings and \$24,521 reduction in salaries-full time costs due to the loss of one position.
0035	Enterprise Application Support Team	This cost center is reduced by \$436,000 in 2006-07. This is due primarily to the loss of 3 positions and their corresponding salary & benefits costs.
0050	Client Support Services	This Cost Center decreases slightly by \$34,000, due primarily to the elimination of \$110,000 in professional/contractual services costs the elimination of one contractual employee. According to Budget, the loss of the contractual employee will not cause any slow downs in Client Support Services or the department's response time to technical problems. The decrease is offset by a \$75,000 increase in salary & benefits costs due to the elimination of the 10% reduction imposed in the current fiscal year.
0060	Personal Computer Services	Cost Center decreases by \$335,000, due primarily to the elimination of \$733,000 for the cost for repairs & maintenance, a \$100,000 reduction in software maintenance due to anticipated renegotiated contracts; and reductions in salary & benefit costs, due to the loss of one position. The reductions are offset by a \$533,000 increase in hardware maintenance.

0070	System Support & Management	This decreases by \$317,000 due primarily to the reduction of 3 positions and their accompanying salary & benefits costs.
0080	Data Network Services	This Cost Center increases by 496,000 due primarily to a \$280,000 increase in telecommunications to fund the data lines for the PMO Office (Project Management Office), and a \$220,000 increase in telephone maintenance costs for the first year of PBX phone maintenance cost (first year maintenance expires, 2 nd year with PBX phones), and increases in salary and benefits costs. The increases are offset by reductions of \$50,000 in rentals-computers and \$50,000 in hardware maintenance, due to anticipated efficiency savings.
0090	Client Server – New Applications	Cost Center of \$320,000 reduced to zero in 2006-07, due to the elimination of four positions and their respective salary & benefits costs. The functions of this operation will be handled in other areas of the department.
0100	Non-Financial Applications	Cost Center decreases by \$147,000 due primarily to a decrease in salaries & employee benefit costs associated with the removal of four positions.
0110	Financial Applications	Cost Center and two positions are eliminated from the 2006-07 FY budget. The work of this division on special City financial applications will now be handled by other various divisions within the department. ITS determined that the volume of work does not require a division.
0130	Operations	Cost Center reduced by \$2.9 million due primarily to a reduction of \$3.12 million, due to the elimination of the costs for the repair and maintenance of equipment, due to the fact that the costs for Unisys Maintenance & instillation will move to Non Departmental in 2006-07, an \$75,000 reduction in hardware maintenance due to efficiency savings, offset by salary & benefits increases.
0170	Water Board Project	Cost Center increases by \$44,000 due to increases in salary and benefits costs.
0230	Planning & Development Department	Cost Center eliminated from ITS in 2006-07. The individual assigned for dedicated work to PDD was laid off in the mid-year 2005-06 layoffs.
0240	Building & Safety	Cost Center decreases by \$245,000 due primarily to decreases in salary and employee benefits related to the reduction of four positions.

0290	Special Projects & Initiatives	This Cost Center budgeted at \$143,000, is a Department of Justice Initiative. Through this initiative, the department will assist the Police Department with implementing the changes mandated by the Department of Justice. This decreases by \$72,000 in 2006-07 FY, due to the salary & benefits costs reductions related to the loss of one position.
0300	Public Safety	Cost Center increases by \$123,000 due primarily to a \$140,000 increase in utilities costs, salary and employee benefits increases, offset by a \$90,000 decrease for the loss of one contractual position.
0330	Voice Communications	This Cost Center, budgeted at \$447,000 is eliminated from the 2006-07 FY budget, due to the demotion and of transfer of the one individual in this section, and the elimination of a vacancy, thereby eliminating the salary & benefits costs associated with this Cost Center. Voice Mail service will be handled by other areas of the department.
0335	Publishing Services	This new Cost Center is derived from the former appropriation, 11827 Publishing Services, loses 4 positions. This is budgeted at \$1.1 million in the 2006-07 FY budget. This ITS operation was established in FY 2005-06 as the result of the consolidation of the Total Copy Center.
0345	Mailroom and Delivery	This new Cost Center is derived from the former appropriation, 11828 Mailroom and Delivery, 10 positions, budgeted at \$1.8 million in the 2006-07 FY budget. Five positions were eliminated. This ITS operation was established in FY 2005-06 in an attempt to consolidate the mailroom & delivery functions of the City into a more efficient and faster operation.
0355	Dedicated Services	This new Cost Center budgeted at \$1.869 million was created to facilitate the integration of the 20 new transfers from various City departments in order to consolidate IT staff citywide for better and more efficient coordination.

Information Technology Services (31)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2005-06 Budget</u>	<u>FY 2006-07 Recommended</u>	<u>Increase (Decrease)</u>
Computer Operations	<u>\$1,854,317</u>	<u>\$ 1,576,470</u>	<u>\$ (277,847)</u>
Total	<u>\$1,854,317</u>	<u>\$ 1,576,470</u>	<u>\$ (277,847)</u>

Professional and Contractual Services decrease by \$277,841 (15%) in 2006-07.

Significant Revenue Changes by Appropriation and Source

Appro. Program

00024	Central Data Processing	Revenue increases by \$719,000 due primarily to \$676,000 in newly realized Dedicated Services revenue, the consolidation of Publishing Services and Mailroom and Delivery revenue, offset by \$609,000 reduction in Other Reimbursements, due primarily to Water providing its own IT functions in-house.
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Issues and Questions

Pg. 31-2: Computer Operations Goal #3 Improve relationship of ITS to City Departments: Improve Help desk Services

In 2005-06 the department eliminated the Help Desk budget's remaining dollars (\$160,000) for contractual employees and has continued to eliminate contractual staff throughout the department. Given this fact, how does the department plan to meet the aforementioned objective with the proposed reductions in the 2006-07 FY?

Are there plans to privatize many of the current ITS functions?

It appears there has been an increase in Citywide computer network problems in the past fiscal year. How has the reductions of staff played a factor in these network slowdowns? Has ITS measured the impact of computer downtime on work efficiency? What measures is the department planning to take in the upcoming fiscal year to address network problems with fewer resources and people?

Pg. 31-5: Goals: Measures Improve training, customer satisfaction and support:

The Mayor's FY 2006-07 Budget for ITS calls for an overall reduction of \$2.76 million (12%). Given this, are the targets listed below for FY 2005-06, realistic, attainable goals?

Goals: Measures	2003-04 Actual	2004-05 Actual	2005-06 Projection	2006-07 <u>Target</u>
Customer satisfaction rating in Help Desk services	90%	90%	90%	90%
Satisfied clients with service delivery	N/A	90%	90%	90%

Publishing Services and Mailroom & Delivery functions were consolidated in ITS in the 2005-06 FY. How successful was this venture?

How have the layoffs of the past year impacted ITS day-to-day operations?

How will the transfer of 20 IT individuals into the ITS department improve city operations?

Are there any plan of further integration of IT professionals from other City departments to transfer over to ITS in the future?

Following is a historical view of the Information Technology Services Department's budget:

<u>Fiscal Year</u>	<u>Budget Amount</u>	<u>Growth Percentage</u>
1995-96	\$18.5 million	
1996-97	\$23.3 million	25.9%
1997-98	\$31.9 million	36.9%
1998-99	\$40.1 million	25.7%
1999-00	\$47.6 million	18.7%
2000-01	\$40.2 million	(15.5%) decrease
2001-02	\$47.3 million	17.7%
2002-03	\$39.8 million	(15.9%) decrease
2003-04	\$35.3 million	(11.4%) decrease
2004-05	\$29.2 million	(17.3%) decrease
2005-06	\$23.9 million	(18%) decrease
2006-07 (proposed)	\$21.2 million	(12%) decrease

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